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TO: Ronald Ruffin, Director
Municipal Parking Department

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: May 10, 2006

RE: 2006-2007 Budget Analysis

24.

Attached is our budget analysis regarding your department's budget for the upcoming 2006-2007 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing. We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:cyb

Attachment

cc: Council Members
Council Divisions
Auditor General's Office
Roger Short, Interim Chief Financial Officer
Pamela Scales, Budget Director
Ron Chenault, Budget Department Team Leader
Kandia Milton, Mayor's Office

Municipal Parking (34)

FY 2006-2007 Budget Analysis by the Fiscal Division

Summary

The Municipal Parking Department (MPD) is comprised of two divisions – the Automobile Parking System Division (APS) and the Parking Violations Bureau (PVB). The APS is an Enterprise Agency that is responsible for planning, supervising, operating, and maintaining the City's Auto Parking and Arena System. The PVB is a General Fund Agency that is responsible for enforcing the City's on-street ordinances and processing all violation notices for payment to the General Fund.

The Mayor's 2006-2007 Proposed Budget includes appropriations of \$42.7 million for the MPD, a 2.4% decrease from fiscal year 2005-2006. The proposed budget also includes revenues of \$47.5 million, a 0.1% increase from fiscal year 2005-2006. There is projected net tax revenue of \$4.8 million, \$1 million higher than the current fiscal year.

The Mayor has not made any recommendations for changing budgeted positions for either the APS or PVB divisions of Parking.

Goals, Objectives, and Major Initiatives

The overall mission and goals of the MPD have not changed from fiscal year 2005-2006 to fiscal 2006-2007.

The major initiatives for the APD division in fiscal year 2006-2007 include:

- Installing new multi-space meters,
- Renovating, maintaining, and repairing all facilities in the APD as needed, and
- Continuing to install and upgrade security, revenue and access control system in high volume garages.

The major initiatives for the PVB in fiscal year 2006-2007 include:

- Opening a new full service center in Southwest Detroit,
- Intensifying enforcement of commercial equipment, handicap, and private parking violations and,
- Investment in new technology to increase the department's overall efficiency 300%.

2005-2006 Surplus/(Deficit)

The Mayor has estimated a surplus of \$916,000 for the Parking Department. The appropriation surplus of \$456,000 is the result of four vacant positions in the APS division and three vacant positions in PVB. The \$460,000 revenue surplus is due to an increase in parking fee collections.

Overtime

The fiscal year 2006-2007 proposed budget contains \$95,756 for overtime. For fiscal year 2005-2006, budgeted overtime is \$84,937. As of March 31, 2006, overtime costs are \$38,525 with a remaining balance of \$46,412 for the fiscal year 2005-2006.

Personnel and Turnover Savings

No employee turnover savings have been identified for the Municipal Parking Department.

Following is information by appropriation comparing budgeted fiscal year 2005-2006 positions, March 31, 2006 filled positions and fiscal year 2006-07 recommended positions:

<u>Appropriation/Program</u>	<u>Budgeted Positions FY 2005-06</u>	<u>Filled Positions 3/31/2006</u>	<u>Mayor's Budget Positions FY 2006-07</u>	<u>Over/(Under) Actual to 05/06 Budget</u>	<u>Mayor's Recommended Turnover</u>
Municipal Parking (34):					
340080 Violation Bureau Gen. Ofc. & Audits	5	5	5	0	\$ -
340090 Enforcement Unit	60	57	60	(3)	\$ -
00102 Parking Violations Bureau	65	62	65	(3)	\$ -
340010 Administration	21	20	21	(1)	\$ -
340020 Maintenance	14	12	14	(2)	\$ -
340040 Meter Maintenance	6	6	6	0	\$ -
340050 Meter Collection	11	10	11	(1)	\$ -
04108 Operation & Maintenance	52	48	52	(4)	\$ -
34XXXX Worker's Compensation	0	(2)	0	(2)	\$ -
34XXXX Leave of Absence	<u>0</u>	<u>(1)</u>	<u>0</u>	<u>(1)</u>	<u>\$ -</u>
TOTAL	<u>117</u>	<u>110</u>	<u>117</u>	<u>(7)</u>	<u>\$ -</u>

Proposed Layoffs and Vacant Position Reductions

The 2006-2007 Budget proposes no changes in the 117 positions within the Municipal Parking Department.

Significant Changes in Funding by Appropriation

<u>Approp.</u>	<u>Program</u>	
04108	Operation and Maintenance	The Mayor's 2006-2007 Proposed Budget for this appropriation increases by \$1.5 million primarily due to increases of \$459,135 in Contract Services for maintenance of the parking lots, \$224,800 in Employee Benefits, \$60,000 in Acquisitions of Equipment, and Transfer to Operating Fund of \$743,242.
04111	Parking System Programs	The Mayor's 2006-2007 Proposed Budget increases this appropriation by \$2.1 million. This increase is due to the under funding of Contingencies in the fiscal year 2005-2006 budget by \$1.9 million.
06423	Repayment of Revenue Bond – Trustee	The Mayor's 2006-2007 Proposed Budget decreases this appropriation by \$5,750,485. This decrease results from a decrease in the principal and interest on debt service. The final debt service payments for the 1997 Bond Series were made in fiscal year 2005-2006.

06244	Trustee and Contingency Reserve	The Mayor's 2006-2007 Proposed Budget has an increase of \$1.3 million for this appropriation. In fiscal year 2005-2006, Contingencies was unfunded. However, it should have been funded at \$1.3 million.
00102	Parking Violations Bureau	This appropriation decreases by \$132,960. The decrease is primarily the result of decreases in Purchased Services of \$195,052, Contractual Services of \$170,000, and Uniforms, Laundry, and Cleaning of \$30,000, largely offset by an increase in Employee Benefits of \$266,839.

Municipal Parking (34)

Budgeted Professional and Contractual Services by Activity	FY 2005-06 Budget	FY 2006-07 Recommended	Increase (Decrease)
Automobile Parking Division	\$ 5,801,606	\$ 6,288,741	\$ 487,135
Parking Violations Bureau	4,060,000	3,875,000	(185,000)
Total	\$ 9,861,606	\$ 10,163,741	\$ 302,135

Significant Revenue Changes

<u>Approp.</u> 04108	<u>Program</u> Operation and Maintenance	The Operation and Maintenance revenue has increased by \$743,242 due to an increase in Transfers from Other Funds in the same amount.
05976	Auto Parking Operations	The Auto Parking Operations revenue has decreased by \$1.7 million. This decrease is primarily due to decreases of Ticket Service at Joe Louis and Cobo Arena of \$1.1 million, Miscellaneous Receipts of \$450,000, CBD Parking Facilities Revenue of \$350,000, and Other Concessions of \$150,000 based on actual collections; offset by increases of Earnings on Investment of \$379,500, and On-Street Meter Collections of \$48,000.
00102	Parking Violations Bureau	The Parking Fines revenue has increased by \$960,000 due to an intensified enforcement of parking ordinances.

Issues and Questions

1. Why were the Contingency appropriations for Cost Centers 340190 - System Program Reserve and 340253 Operation & Contingency Reserve under funded in fiscal year 2005-2006? What are the Contingencies used for?
2. How was the under funding of the System Program Reserve and Operation and Contingency Reserve for fiscal year 2005-2006 resolved?
3. The budget for 2006-2007 projects an increase in department efficiencies by 300% percent through the use of new technologies by the PVB. What analysis has the

department performed to make this determination? What new technologies will the department invest in?

4. In determining the revenues for fiscal years 2005-2006 and 2006-2007, did the projection of revenue include the possibility that the hockey season may be shortened due to the Red Wings early elimination from the playoffs? If not, what steps have the department taken to re-assess the projected revenue for the Auto Parking System Division?
5. How does the department expect to increase revenues through vehicle auction sales?
6. What plans are being considered to purchase and operate a vehicle impounds facility? What benefits will the City receive by doing so?
7. The department estimates that the number of tickets collected will increase by nearly 11% in fiscal year 2006-2007. How does the department expect to accomplish this increase? Does the ACS State and Local Solutions, Inc. amended contract Council just approved heavily weigh in on this?